

FUND 002 REVENUE STABILIZATION

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2004 Advertised Budget Plan, as approved by the Board of Supervisors on April 28, 2003:

- ◆ The Board of Supervisors made no adjustments to the FY 2004 Advertised Budget Plan.

The following funding adjustments reflect all approved changes to the FY 2003 Revised Budget Plan from January 1, 2003 through April 21, 2003. Included are all adjustments made as part of the FY 2003 Third Quarter Review:

- ◆ The Board of Supervisors approved a General Fund Transfer In to this fund in the amount of \$1,148,208, or 40 percent, of the non-recurring balances identified at the *FY 2003 Third Quarter Review* to Fund 002, Revenue Stabilization Fund.

County Executive Proposed FY 2004 Advertised Budget Plan

Purpose

The Board of Supervisors, during deliberations on the *FY 1999 Carryover Review*, approved the establishment of Fund 002, Revenue Stabilization Fund. The purpose of this fund is to provide a mechanism for maintaining a balanced budget without resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy.

The Board of Supervisors established the Reserve under the directive that the Revenue Stabilization Fund will not be used as a method of addressing the demand for new or expanded services; it is solely to be used as a financial tool in the event of a significant economic downturn. Therefore, the Board of Supervisors established a policy for utilizing the Revenue Stabilization Fund that identified three specific criteria that must be met in order to make a withdrawal from the Fund:

Projected revenues reflect a decrease greater than 1.5 percent from the current year estimate; any withdrawal from the Fund shall not exceed one half of the fund balance in any fiscal year; and withdrawals from the Reserve shall be used in combination with spending cuts or other measures.

The Revenue Stabilization Fund has a target balance of 3.0 percent of General Fund disbursements. The Fund shall be separate and distinct from the County's 2.0 percent Managed Reserve, which was initially established in FY 1983. However, the aggregate balance of both reserves shall not exceed 5.0 percent of General Fund disbursements.

It is anticipated that the target balance of 3.0 percent of General Fund disbursements will be accomplished by transferring funds from the General Fund over a multi-year period. The Board of Supervisors determined that a minimum of 40 percent of non-recurring balances identified at quarterly reviews would be transferred to the Revenue Stabilization Fund. Additionally, the Fund will retain the interest earnings on this balance, and the retention of interest will continue until the Reserve is fully funded.

FUND 002

REVENUE STABILIZATION

FY 2004 Initiatives

- ◆ Transfer 40 percent of the non-recurring fund balances identified at the *FY 2003 Carryover Review* and the *FY 2004 Third Quarter Review* in accordance with Board adopted guidelines.
- ◆ Monitor the interest earnings and fund balance for the fund to track progression towards the target balance of 3 percent of General Fund Disbursements.

Funding Adjustments

The following funding adjustments reflect all approved changes to the FY 2003 Revised Budget Plan since passage of the FY 2003 Adopted Budget Plan. Included are all adjustments made as part of the FY 2002 Carryover Review and all other approved changes through December 31, 2002:

- ◆ The Board of Supervisors approved a General Fund Transfer In to this fund in the amount of \$240,983 or 40 percent of the non-recurring balances identified at the *FY 2002 Carryover Review*.

FUND 002 REVENUE STABILIZATION

FUND STATEMENT

Fund Type G00, General Fund

Fund 002, Revenue Stabilization

	FY 2002 Actual	FY 2003 Adopted Budget Plan	FY 2003 Revised Budget Plan	FY 2004 Advertised Budget Plan	FY 2004 Adopted Budget Plan
Beginning Balance	\$24,321,431	\$28,007,551	\$27,492,910	\$28,425,060	\$29,573,268
Revenue:					
Interest Earnings	\$660,429	\$691,167	\$691,167	\$563,744	\$563,744
Total Revenue	\$660,429	\$691,167	\$691,167	\$563,744	\$563,744
Transfer In:					
General Fund (001)	\$2,511,050	\$0	\$1,389,191	\$0	\$0
Total Transfer In	\$2,511,050	\$0	\$1,389,191	\$0	\$0
Total Available	\$27,492,910	\$28,698,718	\$29,573,268	\$28,988,804	\$30,137,012
Transfer Out:	\$0	\$0	\$0	\$0	\$0
Total Disbursements	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$27,492,910	\$28,698,718	\$29,573,268	\$28,988,804	\$30,137,012